ADMINISTRATION OF LOCAL TAXATION IN OHIO[1]

By F. W. Coker, Ph.D.,
Assistant Professor of Political Science, Ohio State University.

The problem of reform in general property taxation—the problem of improved methods of assessment and of limitation upon the tax-rate—is a question which concerns principally the corporations of local self-government. The functions of assessment and primary equalization are performed almost universally by officials chosen by the electorates of these local districts; and the revenue from the tax on property constitutes the sole or chief important source of revenue for purposes of local government. Moreover in Ohio this revenue is now left almost entirely to the local communities; for the state levy, except for common schools, university and normal school purposes, has been omitted since 1902; and the proceeds from the levy for the common school fund—over twice the amount for the other two funds—are re-distributed among the local districts to be expended by the school boards. Therefore it falls properly within the field of a study of local government to examine the changes in tax administration that have been recently adopted in Ohio, and to indicate the present problems and the proposals for further reform which they have evoked.

The history of the general property tax in Ohio may be briefly sketched. From 1803, the year in which Ohio was admitted as a state, until 1825, the main source of revenue for state and local purposes was the land tax. This tax was levied only by the state, but a part of the revenue therefrom was appropriated by the state to the counties. In practice, the tax being paid into the county treasuries, the shares of the various counties were retained by them before the state's shares were paid into the state treasury. The work of assessment and collection of this tax was performed partly

[1] In the preparation of this article the writer has been indebted to Professor O. C. Lockhart, of Ohio State University, for many valuable suggestions and corrections. Assistance has been derived, in the historical statements, from Professor E. L. Bogart's "Financial History of Ohio" (vol. i of the University of Illinois Studies in the Social Sciences); and, in the explanation of the present tax system, from the second annual report (1911) of the Tax Commission of Ohio.

by specially appointed state officials and partly by county authorities. In 1825 the tax was applied to certain forms of personal property and was levied by the counties as well as by the state. The classes of personal property to which the tax applied were subsequently gradually extended. In 1846 the general property tax was established, with general levies by both state and local authorities, and has been levied regularly since then. As the financial needs of the state government expanded, special business taxes were introduced from time to time since the early sixties, and have constituted important sources of revenue since the nineties. Since 1903 these business taxes have produced the major portion of the state's income. For in the preceding year the state legislature omitted the state levy for general revenue. To make good this loss the special taxation of corporations was strengthened and extended. The "Cole Law" of 1902, consolidating and extending previous laws imposing excise taxation, provided for an annual excise tax of one per cent upon the gross earnings, from operations within the state, of steam, street, and interurban electric railways, and applied a similar tax to the gross receipts, from business done within the state, of other public service corporations enumerated in the act.[2] The gross receipts and earnings were ascertained by an *ex officio* state board upon the basis of reports made to the state auditor, and the tax, collected through the office of the state auditor, devoted exclusively to state purposes. The real estate and personal property of the corporations were left subject to the regular property taxation for state and local purposes.[3] By the "Willis Law" of 1902 a franchise tax was levied upon all domestic and foreign corporations, other than public utility corporations. For domestic corporations this tax is one-tenth of one per cent upon the

[2] The enumeration and definitions comprise the following: electric light, gas, natural gas, pipe line, waterworks, heating or cooling, water transportation, express, telegraph, telephone, messenger or signal, and union depot companies.

[3] In 1894, sleeping-car, freight-line and equipment companies were subjected to an excise tax of one per cent upon the value of the proportion of capital stock, representing capital and property owned in this state; this value being determined by the proportion of capital stock representing rolling stock, which the miles over which the company runs cars in this state bear to the entire number of such miles. This tax was assessed and collected through the same agency as for other public utilities, and the proceeds used exclusively for state purposes. Since 1893 foreign insurance companies have paid a tax of two and one-half per cent upon the gross amount of premiums on policies within this state, deducting the amount of returned premiums and considerations received for re-insurance. This tax is collected by the superintendent of insurance for the state treasury.

amount of subscribed, or issued and outstanding, capital stock, and for foreign corporations the same rate is assessed upon the proportion of their authorized capital represented by property and business in this state.

We may now briefly describe the administration of the general property tax as it was before the reforms of the last four years. Since 1861 real estate had been assessed decennially by assessors elected every tenth year for that purpose, by townships and wards. Changes in the assessment might be made annually, in connection with the assessment of personal property, in specified cases—chiefly in the case of real property which became subject to taxation, or new structures which were erected, or in the case of destruction of property, since the preceding decennial assessment. The decennial assessment was revised (for real estate outside of cities) by the decennial county board of equalization, composed of the county auditor, the three county commissioners, and the county surveyor. Equalization of this valuation among the several counties, cities and villages, was made by the decennial state board of equalization, composed of one member from each state senatorial district elected every tenth year; the state auditor was *ex officio* a member of the board. Personal property was—as it still is—assessed annually by biennially elected assessors, one for each election precinct in townships and one for every ward in municipalities which are divided into wards. Revision of this valuation for property outside of cities is made by the annual county board of equalization composed of the county auditor and county commissioners. Revision of assessments of both real and personal property in cities is made by city boards of review (created in 1901, in place of the former annual and decennial city boards) composed in each city of three freeholders of the city, appointed for five years by an *ex officio* board of state officers; the county auditor acts as secretary of each of these boards in his county.

For several decades prior to the recent reforms it had been felt that corporate wealth and other forms of intangible property were not sustaining their proportionate burden of taxation. It was sought, from time to time, to remedy this condition in two ways: by establishing special methods of assessment for the property of corporations, and by introducing special taxes upon the business of corporations. Special methods of assessment for cor-

porate property had been introduced through various laws. Thus the property of steam and interurban electric roads (except real estate not used in the daily operations of the roads) was assessed annually by boards composed of the auditors of the counties in which the companies owned tracks or roadway.[4] These amounts were equalized among the counties by an *ex officio* board of state officers. The resulting valuation was then apportioned among the counties through which the roads extended, on a basis fixed by law. Another *ex officio* state board determined the value of the property in Ohio of express, telegraph, and telephone companies, and after deducting the value of real estate in Ohio, apportioned the resulting valuation among the counties and other taxing districts, upon a basis defined by law.[5] In the case of every other incorporated company (except banks) the valuation of personal property and real estate necessary to the daily operations of the company was determined by the county auditor upon the basis of a detailed statement submitted by the officers of the company. The auditor, after adding the valuation of real estate and fixed property of the company, apportioned the total valuation among the respective taxing districts of the county upon a basis defined by law.

The evils of the system of assessment outlined above became more and more obvious in recent decades. They may be briefly summarized. First, there may be mentioned the complicated system for assessment and apportionment of corporate valuations. The property of public utilities and other corporations was valued by a variety of boards and apportioned upon a variety of bases. Secondly, there was the decennial appraisement of real estate. Throughout ten years real estate, which normally increased steadily in actual value, and with special rapidity in most cities and towns, remained at the same figure on the tax list. A third evil existed in connection with the assessment of personal property. The evil here was the almost universal tendency to undervaluation and concealment, and it has come to be regarded as hopeless to look for an effective cure for this evil as long as the system of assessment by locally selected assessors remains. These assessors owe their positions to the people from whom they are expected to secure full and

[4] This method was established for steam railroads in 1862, and for suburban and interurban electric roads in 1904.

[5] This board, created in 1893, was composed of the state treasurer, attorney-general and auditor.

true returns of personal property. Moreover, a consequence of the general undervaluation of property, resulting particularly from the infrequent assessment of real estate and from the inadequate assessment of personal property, was that the local authorities were compelled to increase the tax rates in order to obtain sufficient incomes to meet the growing expenditures of local government. This increase in the tax rate reacted again upon the tendency to undervaluation: property if returned at its true value could not have sustained the high tax rates.

We may restate the difficulties with special reference to their effect upon the local communities. These communities are faced with steadily expanding expenditures, on the one hand, and, on the other hand, with the difficulty of securing a true and just assessment of property as a basis for obtaining revenues to meet these expenditures. The remedies which have been proposed are as follows: a more frequent assessment of real estate; a limitation of the total tax rate in order to encourage full and correct returns of property; a single central tax commission to assess the property of public utilities and corporations, and to revise local assessments; publicity of local assessments; the separation of state and local revenue—in particular the abolishment of the state general property tax in order to leave that tax to the local communities and to remove the inequalities among the localities in their respective contributions to the state revenue; the abrogation of the constitutional requirement of uniformity, in order to permit the classification of property for the purposes of taxation; the substitution of appointive for elective assessors, in order to remove these officials from local political responsibility.

To consider these conditions in the tax system and to recommend measures of reform a special commission was appointed in 1906. This commission, reporting in 1908, made the following specific recommendations: First, that the section of the constitution (art. 12, sec. 2) requiring the taxation "by a uniform rule, [of] all moneys, credits, investments in bonds, stocks, joint-stock companies, or otherwise; and also all real and personal property according to its true value in money," be so amended as, first, to give the legislature freedom in taxing franchises, stocks, bonds, mortgages, and other forms of intangible property; and, secondly, to rescind the requirement of uniformity, thus enabling the legis-

lature to classify property for purposes of taxation. Secondly, the establishment of a state board of three members to be appointed by the governor; this board to administer the laws for the assessment and collection of state revenues, and to make recommendations from time to time upon the general subject of taxation. Thirdly, a more frequent appraisement of real estate. Fourthly, the abolishment of the state levy upon real and personal property, and the complete separation of state and local revenue. Fifthly, authority to be given to local communities to secure publicity in taxation in such manner as they shall deem best.

We may now consider the laws that have been enacted to accomplish certain of these reforms. First, a law providing for quadrennial appraisement of real estate, and making minor changes in the method of selecting assessors of real estate, was enacted in 1909. Under this law assessors of real estate outside of cities are elected quadrennially, one for each township and village. In cities, assessment of real estate is made by boards of three, or five, members quadrennially elected at large for each city on independent non-partisan ballots. The appraisement of 1910 was made under this law. For the cities the change produced improved results, the election of assessors at large having eliminated competition in undervaluation between representatives of different sections of the city. But outside of cities, the assessment being still made by assessors elected by townships and villages, no lessening of the tendency to inequality and undervaluation was observed. Moreover, the revision of the appraisement in villages and townships being made by county officers (no change having been made in the county board of equalization) in the early part of a year in which the county elections occur, their work of equalization is liable to be subject to the influence of the desire on the part of these officers for re-election. It has, therefore, been suggested that if this method of assessment and equalization be continued the work should fall in a year when the county officers concerned are not to be elected.

Secondly, an act setting definite limitations to the tax rate was passed in 1910, and amended in 1911. In the first place, the maximum aggregate of taxes which may be levied in any taxing district for all purposes, exclusive of levies for sinking fund and interest purposes, may not in any one year exceed ten mills. From this limitation and from the name of the author of the bill this act

is known as the "Smith One Per Cent Law." In the second place, taking the total amount of taxes levied in 1910 as a basis, the maximum amount of taxes that may be raised in any succeeding year must bear a fixed relation to that basis as follows: the maximum amount raised in 1911 shall not exceed that basis; the amount for 1912 shall not exceed that basis by more than six per cent; for 1913, by more than nine per cent; and for any year thereafter, by more than twelve per cent. Here the levies for interest and sinking fund purposes, and for emergencies, are not included. In the third place, by vote of the people, the rate may be increased to a maximum for all purposes of fifteen mills; and in this case the successive limits as to amounts that may be raised in relation to the 1910 basis do not apply. Finally, within the aggregate limits, the different taxing districts are specifically limited, in order to prevent any one district from consuming more than its proper share of the total amount available. These "interior limitations" are as follows: the county taxing authority may not exceed three mills for county purposes; municipal corporations may not exceed five mills for city or village purposes; the township, two mills; and for local school purposes, the rate shall not exceed five mills. "Such limits for county, township, municipal and school levies shall be exclusive of any special levy, provided for by vote of the electors, special assessments, levies for road taxes that may be worked out by the taxpayers, and levies and assessments in special districts created for road or ditch improvements." A budget commission is established by the act[6] to adjust annually these limitations among the various districts. This commission is composed of the county auditor, the mayor of the largest municipality in the county, and the prosecuting attorney of the county. The taxing authority of each district submits to the auditor an annual budget setting forth in itemized form the estimates of money needed for the ensuing year, with other facts as to the state of the several funds, annual expenditures from each fund for the last five years, amount of money received from other sources during those years, with estimate of probable amount to be received during the ensuing year from such sources, state of the bonded debt, and such other information as the budget commission may require. The auditor lays these budgets before the commission, with his estimate of the amount of money to be raised for state purposes in each

[6] As amended in 1911.

taxing district. The commission then examine the budgets and the auditor's estimate, and if they find that the total amount proposed to be raised in any tax district, for state, county, township, village and school district purposes, exceeds the authorized amount for that district, they must adjust the various amounts to be raised so that the total shall not exceed in any district the sum authorized to be raised therein. In making this adjustment they may reduce any or all items in any budget, but may not increase the total or any item; they must reduce the estimates in any budget by such amounts as will bring the total for each district within the limit provided by law.

The third reform is embodied in an act of 1910 (amended in 1911) creating the permanent state tax commission. This commission is composed of three members appointed by the governor for terms of three (now six) years. In this body, in the first place, is consolidated the work of assessing the property of public utilities, a work formerly performed by the *ex officio* boards of county auditors for assessing the property of railways, and the *ex officio* state board for assessing the property of express, telegraph, and telephone companies, these boards being now abolished; and the work of assessing the property of other public utilities is transferred from the county auditor to the state commission. In the second place, the assessment and collection of the excise taxes upon public utilities, and of the franchise tax upon corporations, is transferred to this commission.[7] In the third place, the task of central equalization is put upon this commission, the elective state board of equalization for real property and the other *ex officio* state boards of equalization being also abolished. In its work in connection with the assessment and taxation of public utilities the commission is vested with effectual powers of investigation and prosecution, and for its work of equalization it possesses extensive powers of correcting errors, inequalities, and omissions in local assessments; for this latter purpose it has power not only to equalize the work of the several assessing districts but it may increase or decrease the aggregate in each

[7] The law established differentiation in the rates of excise tax paid by these utilities, by substituting for the uniform rate formerly applying to all, the following rates: for railroad and pipe line companies, 4 per cent; for express and telegraph companies, 2 per cent; for the other companies, 1.2 per cent. It also increased the franchise tax upon corporations from $\frac{1}{10}$ to $\frac{3}{20}$ of 1 per cent.

The tax on foreign insurance companies is still administered by the superintendent of insurance.

district or of any class of real property separately assessed and listed, and may order reassessment in any district. Finally, the commission is required to recommend to the governor and general assembly such changes as in its opinion should be made in the tax laws of the state.

The state tax commission has performed effective work in all spheres of its duties and its services have demonstrated beyond question the value of such a central agency, with respect to its work both in supervising local equalization and in securing returns from public utilities. In 1911, in the revision of local appraisement, it ordered re-appraisement in certain villages and townships; it required the re-convening of several quadrennial county boards of equalization and city boards of review in order to compel them to complete the work of equalization of real estate within their respective jurisdictions; in several cases it ordered the re-convening of budget commissions in order to compel them to adjust levies found to be in excess of the legal limits; it summoned county auditors and members of city boards of equalization in small groups, and discussed with them the assessments in their respective districts; and it sent experts into many counties to make investigations. In its work of assessing the property of corporations it has secured reports from a large number of corporations which have previously failed to make returns, and has obtained fuller and truer returns from those that have previously reported, so that the total revenue from corporations has increased substantially. Moreover, it has been diligently engaged in the study of the subject of tax administration and has in each of its three reports made general and specific recommendations for reform.

Experience under the Smith One Per Cent law has been too short to have established concordant conclusions, on the part of those chiefly concerned with its enforcement, as to the final value of the different limitations imposed by the act. The utility of the law is estimated according to its efficiency in securing full returns of property—of intangible property in particular, and in impelling local spending authorities to economy. The tax duplicates show that under the operation of the law valuations have been materially increased, but that this increase has been much greater for real estate than for personal property. This divergence between real and personal property is explained partly by the fact that personal

property in the form of money could not be increased and that investments in state, county, and municipal bonds could not be listed, and partly by the fact that taxpayers generally have not come to realize that the taxing and spending authorities are limited in such a way that the aggregate amount which the law allows to be raised is substantially the same as formerly; the taxpayers have therefore continued to fear that fuller returns would mean greater tax payments. The feeling is very general, however, that no permanent remedy for the defective appraisement of personal property can be obtained until the machinery for primary assessment of personal property has been reconstructed. Figures have been compiled which show that the proportion of tax burden borne by intangible property has actually decreased under the Smith law; the valuation of tangible property has increased by 166 per cent while that of intangible property has increased by only 66 per cent.

On the other hand complaints have come from various districts against the stringency of the limitations of the act. Representations have been made that under these limitations the urgent needs of schools and of county and city governments cannot be adequately provided for in many cases. Complaints have been directed specifically against the provisions limiting the aggregate amount that may be raised in the several districts to the amounts respectively raised in 1910 plus the small increases defined by the law. Complaints from the cities have been most in evidence. The larger cities in particular make objection to the composition and power of the budget commission. They argue that it is unreasonable that in counties where taxes are collected mainly from urban property-holders, revision of city budgets should be in the power of a commission, two of the three members of which are county officials. Mayors have felt particularly aggrieved in cases where the vote of the two county members has compelled reductions in specific appropriations of the budget of a mayor's own city, against his negative vote.

The State League of Municipalities has put forward definite proposals for change in the law so that cities may be given freer rein in taxation. Their proposals are embodied in a bill introduced by Senator Greenlund, of Cleveland.[8] This bill would make im-

[8] Where reference is made in this article to bills under consideration in the legislature in its present session (1913), reference is made with respect to the stage of consideration reached by March 24th.

portant changes in the Smith law. In the first place the levy for state purposes would not be included in the ten-mill limit. Secondly, the method of procedure for increasing the levy beyond ten mills would be so changed as to remove the positive requirement for popular ratification of the increase and to provide instead merely for popular veto as follows: in case the taxing body should decide that an increase beyond ten mills is necessary and should provide therefor by resolution, this increase would become effective thirty days after passage, unless a referendum petition signed by ten per cent of the voters should be filed within that time; the increase would then depend upon the vote of a majority of those voting upon the proposition at the polls. Thirdly, the 1910 limitation upon the total amount to be raised would be eliminated, no limitation of this character being retained. Fourthly, the personnel of the budget commission would be changed in those counties in which the amount of taxable property in cities and villages exceeds the amount of taxable property outside of cities and villages; in such counties the commission would consist of the county auditor, mayor of the largest city and solicitor of the largest city (instead of prosecuting attorney). Finally, limitations would be placed upon the power of the budget commission in altering the budget of a taxing district where alteration is necessary in order to bring the total amount of taxes to be raised in such district within the authorized limit. Under the law as it stands the commission in making such adjustment "may reduce any or all the items in any such budget." Under the proposed change the commission would have power only to fix the total amount which may be raised by any taxing district; they would have no power to revise any item of the budget.

These proposed changes are being opposed by the state tax commission. The chairman of the commission has prepared a table of figures showing that the cities are not at present cramped by the 1910 limitation. According to this table only four cities are now levying as much as is allowed under the 1910 limitation plus the additional percentage authorized by law. The chairman further points out that only a few cities are levying as much as the five-mill maximum for cities. He urges that by proper efforts to increase the tax duplicate through obtaining full returns of property, and by reducing debts in order to reduce the large amounts now being paid for interest and sinking fund charges in the large cities, revenues

entirely adequate to the needs of cities can be obtained within the present limitations of the law.

Further amendment to the Smith law has been initiated by the supporters of the limitations in their strictest form, in order to make clear the meaning of the fifteen-mill maximum which may be levied by a popular vote. The law, as amended in 1911, in defining this maximum, says that "in no case shall the combined maximum rate for all taxes levied in any year in any county, city, village, school district or other taxing district . . . exceed fifteen mills." This limit has generally been understood by taxing authorities to include levies for sinking fund and interest. However, a decision of the state supreme court rendered in January interprets the provision otherwise. The court holds, in effect, that by vote of the people the rate is not only optional as between ten mills and fifteen mills, but may be made as much higher as necessary for indebtedness incurred before the passage of the act or, by vote of the people, incurred since that time. In the eyes of the tax commission and other defenders of the Smith law, this interpretation nullifies the intent of the law and seriously impairs its effectiveness as a check to extravagant expenditure by local authorities. Under this interpretation the budget commission might authorize a levy of ten mills wholly for general expenses; an additional levy of five mills for general expenses might then be added by vote of the people: and then beyond this a levy for interest and sinking fund might be made to any amount. Governor Cox, in a special message to the legislature, declared that this interpretation, however sound, "vitiates the basic principle of the law." In response to these representations a measure has been passed by the legislature so as to fix the maximum levy for all purposes, expressly including interest and sinking fund, at fifteen mills. Attorney-General Hogan, Mayor Baker of Cleveland, and others hold that a limitation in this absolute form renders the law unconstitutional, as it seeks to take from the taxing district the power to provide for its lawfully-created obligations. The several taxing districts being empowered by law to incur indebtedness up to certain limits (defined by certain percentages of the respective assessed valuations of property), the legislature cannot render a law constitutional which seeks to deprive such districts of the power to make provision for their necessary general expenses and, beyond that, make provision to pay

their obligations regularly incurred within their respective debt-limits.

The recommendations that have been urged for publicity, for the separation of state and local taxation, for the abolishment of the rule of uniformity, and for the substitution of centrally appointed for elective assessors, have not yet been enacted into law; though a bill embodying the last-mentioned reform is now pending in the state legislature, and has, with respect to its principal features, the backing of the state administration.

The essential disadvantage of the general property tax for state purposes consists in the fact that this tax is collected upon the same assessments which the local communities make as a basis for their own revenue. Consequently there exists a tendency with each local appraising authority to keep its assessment as low as local needs allow in order that its share in the contribution to the state revenue may be kept relatively low—as compared with what other local communities are paying. To prevent this competition there have been repeated demands for the abolition of the state levy on property. In response to this demand, voiced in the recommendation of Governor Nash in 1902, the legislature of that year omitted the state levy of 1.35 mills for general revenue purposes, retaining the levy only for sinking fund, common school, and university and normal school purposes. Before the change went into effect approximately one-half of the total revenue of the state was derived from the general property tax. Since the change this tax has produced about one-fourth of the total revenue. The proportion remains at approximately that point now, notwithstanding the fact, that, following the tax limit act of 1911, the state levy has been reduced to .451 of a mill. However, it is by no means certain that this approximate withdrawal by the state from participation in the general property tax is to be permanent. Bills have been introduced in the present legislature such as make it evident that it is not alone the local authorities which are making attack upon the restrictions of the Smith law. A bill has passed the lower house providing for a state levy of one-half mill to provide a fund for inter-county and market roads. This tax would be levied annually for ten years; part of the proceeds would be apportioned equally among the counties of the state, and part would be expended directly by the state highway department on a system of state market roads.

The bill specifically excludes this levy from the limitations of the Smith act.

The amount lost to the general revenue by the omission of the general levy after 1902 was provided by the new excise and franchise taxes of 1902, described above. As already stated the temporary commission of 1908 recommended the total abolition of the state levy. The present permanent commission advocates the same thing. This body points out that the money raised from the common school levy is reapportioned among the counties upon the basis of enumerated school youth in each county and that as a result of this method of apportionment some counties receive from this fund more, others less, than they contribute thereto. It therefore advises that the state levy for this purpose be abolished and that the local districts be then allowed to increase their school levies by the present state rate. Should the fund for school purposes prove insufficient in certain districts the state could appropriate from its general fund on some fair basis. The commission further suggests that the amount for the other two funds could be provided from the general state revenue; if the revenue should prove inadequate for this, the balance could be obtained "by apportioning the same among the counties according to the total revenue raised in in each." This would afford a new incentive to economy on the part of local authorities.

There have been several attempts to modify the provision of the constitution of 1851 requiring the taxation of all forms of real and personal property by uniform rule, and to make it possible for the legislature to levy different rates upon different classes of property. It has been felt that the failure of the general property tax has been due largely to the difficulty of securing a correct assessment of personal property, in particular of intangible property, and that if different rates could be levied on particular classes of such property fairer returns might be obtained. As mentioned above the commission of 1908 recommended this change; they prepared an amendment to the constitution authorizing the legislature to "classify the subjects of taxation so far as their differences justified the same in order to secure a just return from each." This proposed amendment, submitted at the November election in 1908, received a favorable vote, of those voting on the amendment, of over three to one,[9] but failed of adoption because of the constitutional require-

[9] For, 339,747; against, 95,867.

ment, as it then existed, of an affirmative vote of a majority of electors voting at such election. The affirmative vote received represented slightly over twenty-five per cent of the total vote cast at the election. The movement for a constitutional convention, for general revision of the constitution, originated, at least partly, in the persistent desire on the part of many interested in tax reform, for abrogation of the rule of uniformity; their demand at all events lent support to the movement, and the liberal favorable vote, at the election of 1910, on the proposition for calling this convention, was interpreted in some quarters as popular approval of the projected change in the rule of uniformity. Nothing, however, was accomplished by the convention in this particular matter. The present tax commission has consistently opposed the change, and threw its influence in the convention against the proposal. There also developed a fear in the minds of persons within and without the convention that advocates of the single tax would be first to make efforts to take advantage of the change. This fear is reflected in one of the amendments proposed by the convention and adopted at the polls, specifically excluding the use of the initiative and referendum to enact laws authorizing the classification of property for the purposes of taxation or the levying of any discriminatory tax on land.[10]

Several bills making radical alteration in the machinery of assessment have been introduced into the legislature in its present session. These bills, while varying in many features, agree in substituting centrally-appointed for locally-elected assessors, and in placing upon them the duty of assessing annually both real and personal property. They provide that each county shall constitute an assessment district, and that the assessing authority for each district shall be appointed by the governor.

[10] The amendment is as follows (Art. ii; sec. 1 e): "The powers defined herein as the 'initiative' and 'referendum' shall not be used to pass a law authorizing any classification of property for the purpose of levying different rates of taxation thereon or of authorizing the levy of any single tax on land or land values or land sites at a higher rate or by a different rule than is or may be applied to improvements thereon or to personal property." Other amendments proposed by the convention, and adopted by the voters, authorize specifically the enactment of laws providing for inheritance taxes (uniform or graduated, direct and collateral—with differentiation of rates between the two forms), and for income taxes (uniform or graduated), and require that not less than 50 per cent of the revenue that may be derived from income and inheritance taxes shall be returned to the city, village, or township in which the taxes originate. The amendments further specifically authorize excise and franchise taxation, and taxation of the products of minerals.

In conclusion, it may be suggested that the root of the evil of tax administration has not yet been attacked. Limitation upon tax rate may in time bring about somewhat truer returns of forms of property that have hitherto, in many cases, been concealed or undervalued, and may drive local spending authorities to somewhat more careful economy. Central coordination in the assessment of public utilities may secure valuation of certain forms of corporate property in such manner as to dislodge holders of such property from the advantageous position which they have occupied with respect to tax payments. Central supervision of local appraisement and equalization may create a nearer approach to equality of burden among the different communities. Central appointment of local assessors may provide a more efficient body of assessors and relieve them from the fear of local disfavor in the performance of their complicated tasks. But the principal obstacle to just and adequate administration of taxation seems to lie in the constitutional requirement of uniformity. As long as that requirement remains there appears to be no valid hope that a method may be discovered whereby the disproportion in the taxes paid by holders of different forms of property may be successfully removed.

Supplementary Note.—Since this article was written the legislature of Ohio has finally enacted into law several of the proposed changes in tax administration discussed above. The more important changes are as follows:

The 1910 limitation, upon the amount of taxes that may be raised, has been removed from the Smith One Per Cent law; and the composition of the county budget commissions has been modified so as to provide that in counties where the total assessed valuation of property within cities and villages exceeds that outside of cities and villages, the city solicitor of the largest city shall be the third member of the commission (with the mayor and the county auditor), and that in other counties the third member shall be the president of the school board of the school district comprising the largest municipality of the county.

The bill providing for appointive assessors has been passed. Each county will constitute an assessment district; in each county of more than 65,000 population there will be two district assessors, in all other counties there will be one district assessor; these

officers will be appointed by the governor and will be removable by the state tax commission with the consent of the governor; they are to assess annually both real and personal property, under the supervision of the state tax commission. For each county there will be a board of complaints composed of three members not more than two of whom shall be of the same political party; they are to be appointed by the state tax commission for overlapping terms of three years, and will be removable by the state commission, with consent of the governor; they are to hear and determine complaints relating to the assessment of both real and personal property; appeal from their decisions may be taken to the state tax commission. The elective township and ward assessors of personal property, the quadrennial appraisers of real estate, and the county and city boards of equalization and review are abolished by the act.

The bill providing for the state levy of one-half mill, which is to be outside of the Smith One Per Cent limit for improved highways was passed.

A proposed constitutional amendment exempting the bonds of all political divisions of the state from taxation was adopted for submission at the election in November of this year. Such bonds were exempted by constitutional amendment adopted in 1905; but this exemption was removed by one of the amendments adopted in 1912. (April 21, 1913.)